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NCUA News Release

FOR IMMEDIATE RELEASE

Credit Unions Post Solid Gains in 2004

Net Worth Continues to Climb at America's Credit Unions

Alexandria, Va., February 22, 2005 – The National Credit Union Administration (NCUA) today reports credit unions posted over 10 percent loan growth and over 8 percent net worth growth in 2004, according to preliminary year-end 2004 Call Report data submitted by the nation's federally insured credit unions.

The net worth to total asset ratio rose to 10.97 percent among federally insured credit unions during the year. Credit unions reported a 0.92 percent return on average assets and the loan to share ratio expanded to 74.49 percent, the highest year-end figure since 2000. At 0.72 percent, delinquent loans are at the lowest point in recent history, and continue to decline.

"Credit unions are posting excellent results as loans expand and delinquencies decline," NCUA Chairman JoAnn Johnson said. "Year-end 2004 results reflect the nation's expanding economy. Lending grew across the board indicating strong consumer confidence, and credit card delinquencies declined as recoveries went up. In fact, the dollar amount of credit card delinquencies is at its lowest level since 2000. And, with continued consistent share savings growth, credit unions are well positioned to adapt to today's dynamic financial markets and to meet the evolving needs of their members."

The performance of major balance sheet categories and membership growth at federally insured credit unions between January and December 2004 follows:

- Assets increased 6.04 percent, to $647.0 billion from $610.1 billion;
- Loans increased 10.13 percent, to $414.3 billion from $376.1 billion;
- Shares increased 5.26 percent, to $556.1 billion from $528.3 billion;
- Investments decreased 0.67 percent, to $159.7 billion from $160.8 billion;
- Net worth increased 8.56 percent, to $71.0 billion from $65.4 billion; and
- Membership grew 1.37 percent, to 83.6 million members from 82.4 million.

Examining specifics, major saving and loan categories grew in federally insured credit unions in 2004. Continuing its rapid expansion, the largest loan category, first mortgage real estate loans grew 10.42 percent to $129.8 billion, while other real estate loans grew 23.78 percent to $61.96 billion. New auto

loans grew 11.76 percent to $71.25 billion, as used auto loans grew 4.17 percent to $84.63 billion. Unsecured credit card loans grew 3.46 percent to $22.5 billion and all other unsecured loans grew .36 percent to $20.9 billion.

Share savings grew 4.10 percent to $200.0 billion while share drafts grew 11 percent to $72.4 billion, and other types of shares, such as IRA/KEOGH and certificates of deposit, grew 4.71 percent to $283.7 billion.

Investments in federal agency securities declined 1.5 percent to $87.3 billion as bank and thrift deposits declined 4.4 percent to $25.1 billion during the year. However, despite the decline in total investments, corporate credit union investments increased 7.3 percent to $27.9 billion.

While the number of credit unions continues to decrease, the number of credit union branches grew 2 percent last year, and the number of shared branches grew 5.4 percent, as credit unions took advantage of the cost savings of resource sharing. Credit unions continue to expand their electronic presence, with 5,297 reporting Internet websites.

The National Credit Union Administration charters and supervises federal credit unions. NCUA, with the backing of the full faith and credit of the U.S. government, operates and manages the National Credit Union Share Insurance Fund, insuring the accounts of more than 83 million account holders in all federal credit unions and the majority of state-chartered credit unions.